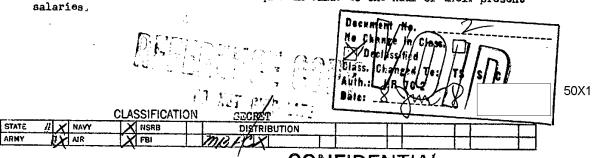
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- 1. Developments of the past two weeks have revealed SMV plans to enlarge the Purchasing Office and to increase its control over the procurement of equipment and raw materials for the entire SMV complex. Some ime in March or April when the SMV will move most of its Vienna offices into the An Pork A.G. building, the Purchasing Office will become the principal SYT disbursing office.*(1) Meanwhile Purchasing Office employees are working on a plan scheduling purchases for the entire year of 1950. In contrast to recent months when this office operated on such a narrow financial margin that it was, on occasion, forced to suspend payment of its employees' salaries, the SMV now maintains a minimum balance of 1,000,000 schillings in the Purchasing Office account at the Soviet Military Bank. During the past two weeks, when the Purchasing Office paid out con- 50X1-HUM siderable sums for an unusually large volume of costly purchases, additional funds were promptly released to restore this balance.
- 2. In line with those developments, SMV Headquarters has directed SMV purchasing agents to buy USIA products regardless of the expenses involved; purchases from non-USIA firms will be authorized only when USIA cannot fulfill SMV requirements. At the same time, Kusin, director of the SMV Purchasing Office, has ordered SMV purchasing agents to submit at least two separate cost estimates from prospective suppliers before completing a transaction. To implement this procedure, he has established a price analysis unit within the SMV Purchasing Office.
- 3. Kusin has also instituted a weekly staff meeting which all Purchasing Office employees are now required to attend. Receively during one of these meetings Kusin informed his subordinates that he has been studying the problem of unloading stocks of unsalable items which have been held in SMV warehouses for over a year. As a solution to this problem, he stated, he is now considering paying them in allocations of these items equal in value to one-half of their present salaries.



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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to that Archivist of the United States.

Next Review Date: 2008

CENTRAL INTELLIGENCE AGENCY

SEV Purchases

- Recently, the JMV Purchasing Office ordered rotary and counterflush drill rico, valued at a minimum of 20,000,000 schillings from the USIA firm, Mannesmann Trauzl A.G., and 300,000 schillings worth of German-made electric motors for the Matzen oil field area from Eduard Trotzmüller, Vienna VI, Stumpergasse 7,
- The SMV has also purchased an electric lighting unit, which is mounted on a five-ton trailer, from a former German military warehouse in Langenzersdorf, where several units of this type and 15 mobile wireless units (Punkwagen) are now stored. The SMV Purchasing Office allegedly paid 80,000 schillings for this purchase to a USSR account at the Soviet Military Bank. This unit will be overhauled at the G. Rumpel A.G. plant in Siebenhirten before being sent to Matgen.
- 6. During the week of 13 February 1950 the SMV Purchasing Office made cash payments for the following purchases:

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Firm	Item Purchased	Payment in Schillings
"Canada" Tiefbohrgeräte und Maschinenfabrik G.m.b.H.	Spitzfänger (sic)	35,925.50
one	Casing head and high-pressure bow (Hochdruckbogen)	17,750.00
SKP G _o m _o b _o H _o	Bearings	227.25
K. J. Baldauf	Building material	82,670.00
	Cement	31,546.50
Aga-Werke A.G.	Oxygen	34,246.95
Autohaus-Urania	l Dodge automobile	15,000.00
Josef Altachul	Electrical material	2,916.00
Pongracz & Bock A.G.	Distilling tubes	26,046 .8 6
W. J. Rohrbeck's Nachfolger	Laboratory materials,	4,707.80
Böhler Gebr. & Co. A.G.	Steel	15,137,50
Richard Klinger	Brake platforms V	22,750.00
Donau Chemie A.G.	Payment on account	300,000.00
Various Vienna firms	Mork clothes, rubber boots, shoes	18,965.70
Mazur Rikert*(3)	Rubber-covered cable	1,617.00
Schäffer & Budenberg G.m.b.H.	25 Manometers	2,785.00
Brown-Boveri A.G.	28 single-phase transformers	8,960.00
Friedrich Weichmann's Nachf. G.m.b.H.	10 flat filters (Breitfilter)	
** 1 2	600 kilograms of wire	2,335.00
	One single-phase transformer	3,602.61
"Standard" Ces. fuer Techn.		19,250.00
Artikel	Rubber materials	10,788.14
Holzbauwerk Franz Havlicek	rood	27,056.32

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	Firm	Item Purchased	Payment in Schillings
	Schoeller-Bleckmann	Steel	12,822.03
	7. The following cash payments we	ere made during the week of 20	February 1950:
	Sicmens-Halske	Triangle Switches	15,720.00
	Gustav Zawrzel K.G.	Electrical maiorial	6,639.50
	Draht-u. Drahtwaren Handels.G.m.b.H.	Cable	69,909,14
	Boschan & Co.	Metal for bearings	4,151.60
	St. Karasek & Co.	Beds	1,760.00
	Josef Altschul	Electric motore	3,439.00
	Brixlegg Montanwerke G.m.b.H.	Heavy spar	10,614.00
	"Chemia" Chemikalien G.m.b.H.	Caustic soda	4,542.38
	Othmar Graf Aichelburg vorm. Lederer & Nessenyi	Fireproof brick	3,160.42
	Franz Kohmaier	Chains	7,719.20
	Seilerwaren-Handels G.m.b.H.	1,000 meters of rape	15,730.00
	Holzbauwerk Franz Havlicek	Wood	118,972.42
,	Hönig*(4)	Cable	5,510.40
	Mannesmann-Trauzl A.G.	Shect metal	1,660.00
	Wiener Kabel u. Metallwerke A.G.	Cable	12,264-17
	St. Egydyer Eisen-und Stahlindustrie G.m.b.H.	Wire	66,966.00
		Cable	6,306.60
	Friedrich Weichmann's Nachf. G.m.b.H.	Radiators (Breitstrahler)	2,382.28
	Vinzenz Wagner	Paint	8,532.00
	USIA	Wire	35,217.69
		Gas pipes	6,099,60
	Kellner & Kunz	Tools	11,770.97
	"Standard" Ges. fuer Techn. Artikel	Fan belts	26,912.13
	Donau Chemie A.G.	Sulfuric acid	100,000.00
	*	Hydrochloric acid	4,077,04
	Autohaus-Urania	One trailer	5,000.00
	Osram G.m.b.H.	Electric light bulbs	7,226,30
	Pleiner*(5)	Tioflader 'sic)	27,000 00
	Central Druckerei	Office supplies	1,215,00
	Guido Rütgers	Impregnating work	2,239.40
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CENTRAL INTELLIGENCE AGENCY

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Firm

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· Items Purchased

Payment in Schillings

'K. J. Baldauf

Building material

92,945.47

"Conada" Tiefbohrgeräte

und Maschinenfabrik G.m.b.H. Casing head

54,651.00

Vienna firms

Work clothing

23,868.00

Pipe Imported from the USSR

8. On 27 February 1950, 11 carloads containing 182,460 kilograms of pipe arrived in Vienna from the Soviet Union. Shortly after Georgyevsky, representative of USIA's Central Commercial Bureau, accepted this shipment from the railroad on behalf of the SMV Central Marehouse in Neusiedl, all of these freight cars were suddenly commandeered by about 30 Soviet soldiers. Soviet military authorities in Vienna have advised the SMV that this shipment cannot be removed from Vienna railroad yards until further notice. SMV officials are rather disturbed by this intervention on the part of the military because only a few days before this episode, DDSG representatives in Vienna advised them that the Soviets have stopped and are now holding/oarges loaded with about 10,000 tons of pipe in Budapest.

Import Shipments and Other Deliveries to the SMV

- 9. The following items were delivered to the SMV Central Warehouse in Neusiedl between 13 and 27 February 1950:
 - > "wall cars of hydrochloric acid from Budapesta
 - 7 carloads of Diesel fuel from the Voesendorf refinery.
 - 2 carloads of pipe shipped by Metrans from Czechoslovakia.
 - 2 carloads containing 46,210 kilograms of pipe/from the Soviet Union via Greece.
 - 1 carload containing 16 pieces of 10 3/4 inch x 10.2 millimeter drill pipe, weighing a total of 13,750 kilograms and having a combined length of 192.38 meters, and 1 carload containing 15 pieces of the same type of pipe, weighing a total of 11,960 kilograms and having a combined length of 170.38 meters, from Germany.

Refining

- 10. The SMV has temporarily suspended production at the Nova-Schwechat refinery which is now being renovated and repaired by G. Rumpel A.G. and the SMV Building Department (Bau-und Montage Abteilung),
- 11. SMV Headquarters recently ordered the Voesendorf refinery to deliver 16 to 17 tenk cars of Diesel fuel per week to the SMV Central Marchouse in Neusiedl. Judging from the size of this order it seems likely that the SMV may have stepped up production at the Voesendorf refinery in order to fulfill current commitments of the Nova-Schwechat plant.
- Recently, SMV Headquarters ordered SMV railroad despatchers to discontinue sending tank cars to Budapest to pick up sulfuric acid.

SMV Personnel

In addition to Mittelmann's replacement, Kacerovsky, a rather genial new member of the SMV Purchasing Office, Kusin is still trying to recruit two new purchasing agents, *(5)

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	~ 5 ~	
*(1)	Comment: The SMV purchased the A. Porr A.G. building on Getreidemarkt in Vicana I during the first part of December 1949.	50X1-HUM 50X1
		50X1-HUM
*(3)	Comment: It is possible refers to Richard Mazur, a firm dealing in electrical equipment and supplies located at Vienna III, Hintzerstrasse 5. Masur Rükert is not listed in the 1950 Handels Compass, the 1949 Industrie Compass, or the 1949 Vienna telephone directory.	
*(4)	Comment: Hönig may be identical with Ludwig Hönig, Vienna XII, Grünberg-strasse 5.	50X1-HUM
* (5)	Comment: The Pleiner firm cannot be accurately identified in available reference material.	50X1-HUM 50X1-HUM
*(6)	Comment: Successor a former USIA engineer, ellegedly was born in Austria and resided in the USSR for several years.	50X1-HUM 50X1-HUM

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